

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT REGISTERED SERVICE AGREEMENT
NEGOTIATED SERVICE AGREEMENTS

Docket Nos.
MC2016-168

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT REGISTERED SERVICE AGREEMENT
(MC2016-168)
NEGOTIATED SERVICE AGREEMENT

R2016-6

**NOTICE OF UNITED STATES POSTAL SERVICE OF FILING ERRATA
CONCERNING REQUEST OF UNITED STATES POSTAL SERVICE TO ADD
INBOUND MARKET DOMINANT REGISTERED SERVICE AGREEMENT
TO THE MARKET DOMINANT PRODUCT LIST,
NOTICE OF TYPE 2 RATE ADJUSTMENT, AND
APPLICATION FOR NON-PUBLIC TREATMENT
(July 13, 2016)**

The Postal Service hereby gives notice of filing errata concerning the name of the individual sponsoring the request of the United States Postal Service (Postal Service) filed in this docket.¹ The revised pages from the Request and Notice, as well as the Statement of Supporting Justification are attached here with the changes highlighted in gray.

¹ Request of United States Postal Service to Add Inbound Market Dominant Registered Service Agreement to the Market Dominant Product List, Notice of Type 2 Rate Adjustment, and Application for Non-Public Treatment, Docket Nos. MC2016-168 and R2016-6, July 13, 2016.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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Attachment 1 is the Statement of Supporting Justification of Mico Milanovic, Manager, Regional Business Development, Global Business Solutions, pursuant to 39 C.F.R. § 3020.32. A redacted copy of the agreement is included in the public version of this filing as Attachment 2. The full text of the agreement and supporting financial documentation are being filed separately under seal with the Commission. Attachment 3 to this Request includes proposed MCS language for the Inbound Market Dominant Registered Service Agreement product grouping. Attachment 4 to this filing is the Postal Service's application for non-public treatment of these materials. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file.

Redacted copies of the following sections of the Registered Service Agreement are included as Attachment 2:

- the Registered Service Agreement, made and entered into December 5, 2005, including Annexes 1, 2, 3, 4, and 5;
- the revised Annex 1 Definitions, as amended by the Steering Committee on 8/9 November 2012, which went into effect January 1, 2013;
- the revised Annex 4 Surcharge, as amended by the Steering Committee on 8/9 November 2012, which went into effect January 1, 2013; and
- the Postal Service's deed of accession to the Registered Service Agreement (which is based on the template provided in Annex 5 of the Registered Service Agreement).

As described above, a copy of the Registered Service Agreement and documents concerning the Postal Service's accession to the Registered Service Agreement are being filed under seal in connection with the instant filing.

According to the Postal Service's deed of accession to the Registered Service Agreement included in Attachment 2 of this filing, the Postal Service's accession to the Registered Service Agreement became effective on October 1, 2013

Public notice of the Postal Service's accession to the Registered Service Agreement, which includes rates for extra remuneration to the Postal Service for services performed by the Postal Service pursuant to Article 2 of the Registered Service Agreement, is being given through the instant notice, as well as the publication of a notice concerning this request in the *Federal Register*, as required by 39 U.S.C. § 3642(d)(1).

Mico Milanovic, Manager, Regional Business Development, will be available to provide prompt responses to requests for clarification from the Commission.

(b) A statement identifying all parties to the agreement and a description clearly explaining the operative components of the agreement.

According to information provided by the Prime Project Manager at IPC, the current parties to the Registered Service Agreement are the following.

Country Name	Company Name
Albania	"Posta Shqiptare" sh.a.
Armenia	Haypost CJSC
Aruba	Post Aruba
Austria	Österreichische Post AG
Belgium	bpost
Cayman Islands	Cayman Islands Post Office
China (People's Rep.)	China Post Group

B. Filing under Part 3020, Subpart B of the Rules of Practice and Procedure

The Statement of Supporting Justification of Mico Milanovic, Manager, Regional Business Development, Global Business Solutions, is included as Attachment 1 in accordance with Part 3020, Subpart B of the Rules of Practice and Procedure. This Statement provides support for the addition of Inbound Market Dominant Registered Service Agreement, as well as the Postal Service's accession to the Registered Service Agreement presented in this proceeding, to the market dominant products list.

Under 39 U.S.C. § 3642(b), the criteria for such review are whether the product qualifies as market dominant as a function of the Postal Service's market power, whether it is excluded from the postal monopoly, and whether the proposed classification reflects certain market considerations. Each of these criteria has been addressed in this case. With Order No. 43, the Commission has already assigned all inbound shipments of single-piece Letter Post to the market dominant category,² and the agreement at issue implements certain remuneration terms and operational provisions concerning registered service for Letter Post. A bilateral agreement with China Post, presented in a filing in Docket Nos. MC2010-35, R2010-5 and R2010-6, which included specific terms concerning registered service, was determined to satisfy statutory criteria for placement on the market dominant product list, particularly with regard to inbound Letter Post items.³ In addition, Inbound Market Dominant Express Service Agreement 1, a multilateral agreement that concerns the delivery of cross-border LC/AO items that weigh up to 2 kilograms tendered as Express items and

² PRC Order No. 43, Order Establishing Ratemaking Regulations for Market Dominant and Competitive Products, Docket No. RM2007-1, October 29, 2007, at 99-100, ¶ 4003 (placing Inbound First-Class Mail International as a subset within the First-Class Mail class).

³ PRC Order No. 549.

branded with a common logo, which was presented in Docket No. R2011-6, was determined to satisfy statutory criteria for placement on the market dominant product list.⁴ The additional considerations listed in 39 U.S.C. § 3642(b)(3) are addressed in Mr. Milanovic's statement. Because all of section 3642's criteria for classification have been met, the Postal Service respectfully urges the Commission to act promptly by adding this product to the market dominant products list as requested.

III. Application for Non-Public Treatment

The Postal Service maintains that certain portions of the Registered Service Agreement, as well as related financial information should remain confidential. In accordance with 39 C.F.R. § 3007.21, the Postal Service files as Attachment 4 to this Request its application for non-public treatment of materials filed under seal. A full discussion of the required elements of the application appears in Attachment 4.

IV. Conclusion

For the reasons discussed, the Postal Service believes that the Inbound Market Dominant Registered Service Agreement, along with the Registered Service Agreement discussed herein should be added to the market dominant product list. The Postal Service requests that the Commission approve this Request.

As mentioned previously, as required by 39 U.S.C. § 3642(d)(1), a notice concerning this Request will be sent for publication in the *Federal Register*.

⁴ PRC Order No. 876.

Statement of Supporting Justification

I, **Mico Milanovic, Manager, Regional Business Development**, Global Business Solutions, am sponsoring the Request that the Commission add Inbound Market Dominant Registered Service Agreement filed in Docket Nos. MC2016-168 and R2016-6 to the market dominant product list within the Mail Classification Schedule (MCS). My statement supports the Postal Service's Request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32. I attest to the accuracy of the information contained herein.

- (a) *Demonstrate why the change is in accordance with the policies and applicable criteria of chapter 36 of title 39 of the United States Code.*

As demonstrated below and in the Request and Notice to which this statement is attached, the change complies with the applicable statutory provisions.

- (b) *Explain why, as to market dominant products, the change is not inconsistent with each requirement of 39 U.S.C. § 3622(d), and that it advances the objectives of 39 U.S.C. § 3622(b), taking into account the factors of 39 U.S.C. § 3622(c).*

The Request and Notice concern a Type 2 rate adjustment, and a Type 2 rate adjustment "is based on a negotiated service agreement," according to 39 C.F.R. § 3010.7. A Type 2 rate adjustment is authorized by 39 U.S.C. § 3622(c)(10), rather than 39 U.S.C. § 3622(d). Therefore, the requirements of 39 U.S.C. § 3622(d) do not appear to apply in this instance.

In the Request and Notice to which this statement is attached, the Postal Service has explained how Inbound Market Dominant Registered Service Agreement complies with the applicable sub-factors in 39 U.S.C. § 3622(c)(10). The product grouping, along